

Message Text

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ACTION ARA-14

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EO 11652: NA
TAGS: EMIN ENRG CU
SUBJ: CUBAN METALS/PETROLEUM PROSPECTING INVESTMENT PLANS

1. USINT OFFICER, APRIL 4, CALLED ON JULIO CAUNEDO, EXECUTIVE DIRECTOR OF ECIMETAL, AND ENTERPRISE OF STATE COMMITTEE ON ECONOMIC COLLABORATION CHARGED WITH FOREIGN PURCHASE OF COMPLETE PRODUCTION FACILITIES AND LINES IN METAL AND MINING SECTOR (INCLUDING PETROLEUM EXPLORATION.)

2. CAUNEDO, THOUGH EXTRAORDINARILY CAUTIOUS, CONFIRMED THAT:
A) CUBANS ARE CURRENTLY ENGAGED IN VERY PRELIMINARY DISCUSSIONS WITH SOME WESTERN COMPANIES REGARDING NEW NICKEL FACILITY IN ADDITION TO USSR'S PUNTA GORDA AND COMECON'S CAME 1 AND 2. (COMMENT: WE HAVE HEARD ABOUT SUCH TALKS FROM FINNISH COMPANIES.) NATURE OF PRODUCTION (SLURRY OR SINTER/OXIDE HAS NOT YET BEEN DEFINED; B) CUBANS HAVE REACHED MORE ADVANCED STATE IN DISCUSSIONS WITH WESTERN COMPANIES ON NEW ADVANCED STAINLESS STEEL PLANT (TO MAKE USE OF CUBAN NICKEL AND IRON RESOURCES); C) SOVIET-CONSTRUCTED NORTH ORIENTE STEEL COMPLEX WILL NOT BE CONSTRUCTED UNTIL NEXT FIVE YEAR PLNA
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(1981-86) - PURPOSE OF NEW PLANT AND CURRENT EXPANSION OF EXISTING ANTILLANA DE ACERO STEEL FACILITY IS TO INCREASE VOLUME AND AMPLIFY ASSORTMENT OF STEEL FORMS MADE WITHIN CUBA IN ORDER TO DIMINISH IMPORTATIONS (IN THIS CASE, FROM SOCIALIST COUNTRIES); D) CUBANS, DURING 1981-86 FIVE YEAR PLAN, ARE CONSIDERING PROCUREMENT OF PRODUCTION FACILITIES FOR VARIOUS SPECIALTY STEELS (IN ORDER TO SUBSTITUTE FOR

IMPORTS; AND E) HAVANA HAS EVEN CONSIDERED CONSTRUCTION OF ANALUMINUM PROCESSING FACILITY, MAKING USE OF JAMAICA OR GUYANA BAUXITE.

3. REGARDING NON-METALS SECTION OF ECIMETAL'S BUSINESS, CAUNEDO INDICATED THAT: A) CUBANS ARE NOW SEEKING NEW BUS CHASSIS AND ENGINE PRODUCTION FACILITIES (CURRENTLY, CUBANS IMPORT CHASSIS WITH ENGINE AND CONSTRUCT BODY OF VEHICLE HERE), B) CUBANS ARE NOW RECEIVING "COMPUTER NUMERICALLY-CONTROLLED" MACHINE TOOLS HERE FROM THE USSR AND EASTERN EUROPE (COMMENT: IT IS POSSIBLE THAT CAUNEDO IS CONFUSING ORDINARY NUMERICALLY-CONTROLLED MACHINE TOOLS, WITH COMPUTER-CONTROLLED MODELS. WE HAD UNDERSTOOD THAT LATTER ARE NOT GENERALLY TRADED AMONG COMECON NATIONS.); C) CUBANS, DURING 1981-86 FIVE YEAR PLAN, WISH TO EXPAND DOMESTIC MACHINE TOOL MANUFACTURING CAPACITY - PARTICULARLY FOR METAL-SHAPING AND AGRICULTURAL MACHINERY CONSTRUCTION SECTORS. THE OBJECT IS TO CREATE AUTONOMOUS BASE FOR MANUFACTURE OF MEANS OF PRODUCTION HERE; AND D) CUBANS, WITH HELP OF SOVIETS AND OTHERS, HAVE CONTINUED THEIR ON AND OFFSHORE SURVEY FOR PETROLEUM. HAVANA WOULD LIKE TO BE ABLE TO SUPPLY ONE-HUNDRED PERCENT OF ITS PETROLEUM NEEDS DOMESTICALLY. IN PURSUIT OF THIS GOAL, DURING 1981-86 FIVE YEAR PLAN, CUBANS WOULD LIKE TO BEGIN EXPLORATORY DRILLING, PARTICULARLY ON THEIR OFFSHORE PLATFORM.

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4. COMMENT: COMMON THREAD RUNNING THROUGH CAUNEDO'S PRESENTATION OF CUBAN DEVELOPMENT PLANS IS DESIRE TO ACHIEVE MAXIMUM INDEPENDENCE AND AUTARKY. WHILE THIS IS UNDERSTANDABLE BOTH FOR POLITICAL AND ECONOMIC REASONS WITH REGARD TO SUBSTITUTION OF WESTERN IMPORTS, APPLICATION OF THIS DEVELOPMENT STRATEGY IN EASTERN-ORIENTED METALS/ENERGY SECTOR MAY ILLUSTRATE BOTH CASTRO'S LONG-TERM GOAL OF LESSENING POTENTIAL SOVIET LEVERAGE AND MOSCOW'S COMPLEMENTARY URGE TO EASE CUBAN BURDEN ON SOVIET ECONOMY.
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